

Meeting with FCC March 27-28, 2002

Continuing Covad Concerns about BST GA/LA 271 Application

1. No Flow-Through Electronic Ordering of IDSL Loop
 - BST's 2/2/02 rollout did not comply with Change Control Notification Process
 - No time for Covad to deploy its side of the interface
 - BST suggestion to switch to ISDN Loop ignores significant Covad investment in pre-ordering interfaces for existing loop type
 - Promised date (??) of full deployment 5/18 (just after statutory deadline)
2. No Electronic Ordering for UCL-ND
 - Covad orders this loop for its SDSL Service
3. UCL-ND Provisioning Problems
 - BST groups not willing to take responsibility for new products
 - Missing USOC for testing
 - BST not providing demarcation information although contract states: "Where a technician is not dispatched by BellSouth, BellSouth will provide sufficient information to Covad to enable Covad to locate the circuit being provisioned."
 - Covad forced to order and pay for testing to get demarcation point information
4. No Flow-Through Electronic Ordering for Conditioned Loops
 - Sprint Request rejected, BST reconsidering
 - No date proposed
 - Pre-authorization for conditioning necessary to compensate for back loop makeup data
5. BellSouth Change Control Process
 - BST still has total veto power regarding accepting or rejecting change requests
 - Don't know the release capacity per release. Covad needs this information from a planning perspective.
 - No way to validate that BellSouth accurately allocates release capacity.
 - No visibility into changes to BellSouth's legacy systems that impact Covad's business (LFACS, Billing systems, etc.)

6. Lingering Open Exceptions in Florida
 - Exception 130 -- KPMG checked physical work in CO after FOC date and found it done only 88% of the time.
 - Exceptions 117 -- KPMG found inadequate or no response to faxed orders
 - Exceptions 110 -- KPMG found BellSouth had no guidelines for LCSC functions and that customer issue tracking systems were either inadequate or nonexistent.
 - Exception 112-- Manual submission of orders creates problems with getting feature and service provisioned.
 - Exception 116 -- Manual processes failed various volume tests
 - Numerous open exceptions on data integrity issues
7. BellSouth Poised to Impose Anti-Competitive Rates.
 - In upcoming GA rate case, BellSouth proposes nonrecurring and recurring costs that dramatically increase rates in Georgia
 - Rates would be the most anti-competitive in the country

Product Type	BellSouth Proposed Rates	BellSouth existing Rates	Verizon-NY	SWBT-TX	Verizon-MA
2 nd Line Copper xDSL Loop	\$460 NRC / \$15 RC (Zone 1)	\$44 NRC / \$ 12 RC	\$121 NRC/ \$11 RC (Zone 1)	\$15 NRC / \$12 RC (Zone 1)	\$28 NRC / \$7 RC (Zone 1)
ISDN/IDSL	\$558 NRC / \$28 RC (Zone 1)	\$44 NRC / \$22 RC	\$ 121 NRC / \$24 RC (Zone 1)	\$15 NRC / \$20 RC (Zone 1)	\$28 NRC / \$7 RC (Zone 1)
Line Sharing	\$53 NRC / \$0.61 RC	\$10 NRC / \$0.61 RC	\$42 NRC / \$ 0 RC	\$10 NRC / \$5.75 RC	\$12 NRC / \$0 RC
DS-1	\$708 NRC / \$83 RC	\$429 NRC / \$ 64 RC	\$40 NRC / \$83 RC	\$15 NRC / \$20 RC	\$133 NRC / \$76 RC

8. Access to Copper Loops after BellSouth Deploys Fiber
 - Problem surfaced during Line Splitting Trial in Georgia with AT&T
 - Recent examples show that BellSouth rejects orders, even when fiber deployment has not yet been completed.
 - PON 1470249 illustrates this problem. Covad placed a line sharing order, but the voice loop was loaded. Covad performed loop makeup and found spare copper pairs. Covad placed the order for a line state transfer to the spare copper and BellSouth cancelled the order. First, BellSouth indicated that it was moving the entire CO to fiber. Then, BellSouth said that it performing a limited fiber throw and the spare copper would no longer be available.
 - Serious anti-competitive aspects to this practice.